

TOWNSHIP OF GANGES
Allegan County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Ganges	County Allegan
Audit Date June 30, 2006	Opinion Date October 11, 2006	Date Accountant Report Submitted to State: December 27, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature <i>Campbell Kusterer & Co., P.C.</i>			

TOWNSHIP OF GANGES
Allegan County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

October 11, 2006

To the Township Board
Township of Ganges
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Ganges, Allegan County, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Ganges's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Ganges, Allegan County, Michigan as of June 30, 2006, and the respective changes in financial position thereof, for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006

This section of the Township of Ganges' annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2006. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2006, totaled \$2,013,340.04 for governmental activities. Of this total \$659,118.75 represents capital assets net of depreciation. Overall net assets increased by \$190,616.78 from the prior year.

Overall revenues were \$731,817.60.

We did not incur any new debt during the year and purchased \$67,677.44 in capital assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These include the General and Special Revenue Funds which are the Roads Fund, Fire Fund, Building Fund, Ambulance Fund and the First Responder Fund.

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. The Township's governmental funds include: General, Roads, Fire, Building, Ambulance and First Responder.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets: The Township's combined net assets increased \$190,616.78 during the year ended June 30, 2006, totaling \$2,013,340.04.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

General Fund: This fund is used to record all activities of the Township not required to be recorded in a separate fund. This would include parks, zoning, legislative, administrative, elections, Township hall and cemeteries. The major source of revenue for the General Fund is from the Township tax base and the revenue sharing from the State of Michigan.

Roads Fund: This fund is used to record revenues and expenses for road construction and maintenance for streets located within the Township. The source of revenue comes from the road millage levied on property taxes.

Fire Fund: This fund is used to record revenues and expenses for maintaining and operating the Fire Department. The major source of revenue comes from the fire protection millage levied on property taxes and donations.

Ambulance Fund: This fund is used to record revenues and expenses for maintaining and operating the First Responder Unit and to provide ambulance service to the Township. The source of revenue comes from the ambulance service millage levied on property taxes.

First Responder Fund: This fund is used to record revenues and expenses for the First Responder Unit. The source of revenue comes from the Ambulance Fund for operating expenses and from donations.

Building Fund: This fund is used to record revenues and expenses to provide services for the building administration. The source of revenue comes from permit and inspection fees.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets: Additions to Township capital assets for this year totaled \$67,677.44 and includes hall remodeling and construction cost of \$50,091.22, office equipment for \$11,971.22, cemetery signs for \$905.00, and a fire truck plow for \$4,710.00.

The Township does not have any long-term debt at this time.

TOWNSHIP OF GANGES
Allegan County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are currently no plans for the future which will affect future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact Cindy Yonkers, Township Clerk, or John Herbert, Township Supervisor, during regular business hours.

TOWNSHIP OF GANGES
Allegan County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 328 479 29
Accounts receivable	<u>25 742 00</u>
Total Current Assets	<u>1 354 221 29</u>
NON-CURRENT ASSETS:	
Capital Assets	918 069 74
Less: Accumulated Depreciation	<u>(258 950 99)</u>
Total Non-current Assets	<u>659 118 75</u>
TOTAL ASSETS	<u>2 013 340 04</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	659 118 75
Unrestricted	<u>1 354 221 29</u>
Total Net Assets	<u>2 013 340 04</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2 013 340 04</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GANGES
Allegan County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2005

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS		<u>Charges for Services</u>	
Governmental Activities:			
Legislative	43 145 67	-	(43 145 67)
General government	113 708 40	12 510 00	(101 198 40)
Public safety	208 505 26	48 580 50	(159 924 76)
Public works	146 308 36	-	(146 308 36)
Culture and recreation	217 58	-	(217 58)
Other	29 315 55	-	(29 315 55)
Total Governmental Activities	<u>541 200 82</u>	<u>61 090 50</u>	<u>(480 110 32)</u>
General Revenues:			
Property taxes			424 407 72
State revenue sharing			181 293 92
Interest			56 814 28
Miscellaneous			8 211 18
Total General Revenues			<u>670 727 10</u>
Change in net assets			190 616 78
Net assets, beginning of year			<u>1 822 723 26</u>
Net Assets, End of Year			<u>2 013 340 04</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GANGES
Allegan County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2006

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	384 841 78	541 157 24	236 181 93	164 346 87
Accounts receivable	25 742 00	-	-	-
Due from other funds	<u>1 951 47</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>412 535 25</u>	<u>541 157 24</u>	<u>236 181 93</u>	<u>164 346 87</u>
<u>Liabilities and Fund Equity</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>412 535 25</u>	<u>541 157 24</u>	<u>236 181 93</u>	<u>164 346 87</u>
Total fund equity	<u>412 535 25</u>	<u>541 157 24</u>	<u>236 181 93</u>	<u>164 346 87</u>
Total Liabilities and Fund Equity	<u>412 535 25</u>	<u>541 157 24</u>	<u>236 181 93</u>	<u>164 346 87</u>

The accompanying notes are an integral part of these financial statements.

Total

1 326 527 82

25 742 00

1 951 47

1 354 221 29

-

-

1 354 221 29

1 354 221 29

1 354 221 29

TOWNSHIP OF GANGES
Allegan County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 1 354 221 29

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	918 069 74
Accumulated depreciation	<u>(258 950 99)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 2 013 340 04

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GANGES
Allegan County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2006

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
Revenues:				
Property taxes	76 351 32	245 473 64	64 125 22	38 457 54
Licenses and permits	8 150 00	-	-	40 430 50
State revenue sharing	181 293 92	-	-	-
Charges for services	12 510 00	-	-	-
Interest	27 224 79	16 008 96	7 993 76	5 586 77
Miscellaneous	<u>4 471 72</u>	<u>-</u>	<u>2 971 40</u>	<u>768 06</u>
Total revenues	<u>310 001 75</u>	<u>261 482 60</u>	<u>75 090 38</u>	<u>85 242 87</u>
Expenditures:				
Legislative:				
Township Board	43 145 67	-	-	-
General government:				
Supervisor	17 707 20	-	-	-
Elections	1 608 49	-	-	-
Assessor	24 350 00	-	-	-
Clerk	24 434 21	-	-	-
Board of Review	1 992 24	-	-	-
Treasurer	22 663 80	-	-	-
Building and grounds	4 472 41	-	-	-
Cemetery	11 926 14	-	-	-
Public safety:				
Ambulance	-	-	-	9 784 80
First Responder	-	-	-	28 435 87
Fire	-	-	51 211 31	-
Protective inspection	-	-	-	33 940 69
Planning and zoning	43 396 79	-	-	-
Public works:				
Highways and streets	308 95	142 421 43	-	-
Drains at large	1 167 38	-	-	-
Sanitation	2 410 60	-	-	-
Culture and recreation:				
Parks	177 58	-	-	-
Other:				
Insurance	22 881 00	-	-	-
Payroll taxes	6 434 55	-	-	-
Capital outlay	<u>62 967 44</u>	<u>-</u>	<u>4 710 00</u>	<u>-</u>
Total expenditures	<u>292 044 45</u>	<u>142 421 43</u>	<u>55 921 31</u>	<u>72 161 36</u>
Excess (deficiency) of revenues over expenditures	<u>17 957 30</u>	<u>119 061 17</u>	<u>19 169 07</u>	<u>13 081 51</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	45 000 00
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45 000 00)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

Total

424 407 72
48 580 50
181 293 92
12 510 00
56 814 28
8 211 18

731 817 60

43 145 67

17 707 20
1 608 49
24 350 00
24 434 21
1 992 24
22 663 80
4 472 41
11 926 14

9 784 80
28 435 87
51 211 31
33 940 69
43 396 79

142 730 38
1 167 38
2 410 60

177 58

22 881 00
6 434 55
67 677 44

562 548 55

169 269 05

45 000 00
(45 000 00)

-

TOWNSHIP OF GANGES
Allegan County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2006

	<u>General</u>	<u>Roads</u>	<u>Fire</u>	<u>Other Funds</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	17 957 30	119 061 17	19 169 07	13 081 51
Fund balances, July 1	<u>394 577 95</u>	<u>422 096 07</u>	<u>217 012 86</u>	<u>151 265 36</u>
Fund Balances, June 30	<u><u>412 535 25</u></u>	<u><u>541 157 24</u></u>	<u><u>236 181 93</u></u>	<u><u>164 346 87</u></u>

The accompanying notes are an integral part of these financial statements.

Total

169 269 05

1 184 952 24

1 354 221 29

TOWNSHIP OF GANGES
Allegan County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	169 269 05
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(46 329 71)
Capital Outlay	<u>67 677 44</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>190 616 78</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Ganges, Allegan County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Ganges. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GANGES
Allegan County, Michigan
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Agency Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2005 tax roll millage rate was 3.2290 mills, and the taxable value was \$130,635,252.00.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land improvements	25 years
Buildings and improvements	15-35 years
Equipment and vehicles	5-25 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 2 – Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 328 479 29</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	200 000 00
Uninsured and Uncollateralized	<u>1 156 446 32</u>
Total Deposits	<u>1 356 446 32</u>

The Township of Ganges did not have any investments as of June 30, 2006.

TOWNSHIP OF GANGES
Allegan County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 7/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/06</u>
Land and improvements	7 250 00	905 00	-	8 155 00
Buildings and improvements	157 225 25	50 091 22	-	207 316 47
Equipment and vehicles	<u>685 917 05</u>	<u>16 681 22</u>	<u>-</u>	<u>702 598 27</u>
Total	850 392 30	67 677 44	-	918 069 74
Accumulated Depreciation	<u>(212 621 28)</u>	<u>(46 329 71)</u>	<u>-</u>	<u>(258 950 99)</u>
Net Capital Assets	<u>637 771 02</u>	<u>21 347 73</u>	<u>-</u>	<u>659 118 75</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>1 951 47</u>	Current Tax Collection	<u>1 951 47</u>

Note 9 – Transfers In and Transfers Out

For the fiscal year ended June 30, 2006, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
First Responder	<u>45 000 00</u>	Ambulance	<u>45 000 00</u>
Total	<u>45 000 00</u>	Total	<u>45 000 00</u>

Note 10 – Building Permits

As of June 30, 2006, the Township had building permit revenues of \$40,430.50 and building permit expenses of \$33,940.69.

TOWNSHIP OF GANGES
Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	73 940 00	73 940 00	76 351 32	2 411 32
Licenses and permits	5 000 00	5 000 00	8 150 00	3 150 00
State revenue sharing	180 000 00	180 000 00	181 293 92	1 293 92
Charges for services	3 000 00	3 000 00	12 510 00	9 510 00
Interest	2 500 00	2 500 00	27 224 79	24 724 79
Miscellaneous	360 00	360 00	4 471 72	4 111 72
Total revenues	<u>264 800 00</u>	<u>264 800 00</u>	<u>310 001 75</u>	<u>45 201 75</u>
Expenditures:				
Legislative:				
Township Board	47 000 00	59 000 00	43 145 67	(15 854 33)
General government:				
Supervisor	19 000 00	19 000 00	17 707 20	(1 292 80)
Elections	8 000 00	8 000 00	1 608 49	(6 391 51)
Assessor	28 600 00	26 600 00	24 350 00	(2 250 00)
Clerk	25 000 00	25 000 00	24 434 21	(565 79)
Board of Review	3 500 00	3 500 00	1 992 24	(1 507 76)
Treasurer	21 100 00	23 100 00	22 663 80	(436 20)
Building and grounds	30 000 00	20 000 00	4 472 41	(15 527 59)
Cemetery	14 000 00	14 500 00	11 926 14	(2 573 86)
Public safety:				
Planning and zoning	54 700 00	54 700 00	43 396 79	(11 303 21)
Public works:				
Highways and streets	600 00	600 00	308 95	(291 05)
Drains at large	5 000 00	5 000 00	1 167 38	(3 832 62)
Sanitation	2 000 00	2 500 00	2 410 60	(89 40)
Culture and recreation:				
Parks	3 000 00	3 000 00	177 58	(2 822 42)
Other:				
Insurance	25 000 00	25 000 00	22 881 00	(2 119 00)
Payroll taxes	15 000 00	15 000 00	6 434 55	(8 565 45)
Contingency	250 000 00	197 000 00	-	(197 000 00)
Capital outlay	13 500 00	63 500 00	62 967 44	(532 56)
Total expenditures	<u>565 000 00</u>	<u>565 000 00</u>	<u>292 044 45</u>	<u>(272 955 55)</u>
Excess (deficiency) of revenues over expenditures	(300 200 00)	(300 200 00)	17 957 30	318 157 30
Fund balance, July 1	<u>390 472 00</u>	<u>390 472 00</u>	<u>394 577 95</u>	<u>4 105 95</u>
Fund Balance, June 30	<u>90 272 00</u>	<u>90 272 00</u>	<u>412 535 25</u>	<u>322 263 25</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROADS FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	245 359 00	245 359 00	245 473 64	114 64
Interest	<u>2 000 00</u>	<u>2 000 00</u>	<u>16 008 96</u>	<u>14 008 96</u>
Total revenues	<u>247 359 00</u>	<u>247 359 00</u>	<u>261 482 60</u>	<u>14 123 60</u>
Expenditures:				
Public works:				
Highways and streets	<u>571 000 00</u>	<u>571 000 00</u>	<u>142 421 43</u>	<u>(428 578 57)</u>
Total expenditures	<u>571 000 00</u>	<u>571 000 00</u>	<u>142 421 43</u>	<u>(428 578 57)</u>
Excess (deficiency) of revenues over expenditures	(323 641 00)	(323 641 00)	119 061 17	442 702 17
Fund balance, July 1	<u>421 502 00</u>	<u>421 502 00</u>	<u>422 096 07</u>	<u>594 07</u>
Fund Balance, June 30	<u><u>97 861 00</u></u>	<u><u>97 861 00</u></u>	<u><u>541 157 24</u></u>	<u><u>443 296 24</u></u>

TOWNSHIP OF GANGES
Allegan County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	64 050 00	64 050 00	64 125 22	75 22
Interest	1 000 00	1 000 00	7 993 76	6 993 76
Miscellaneous	-	-	2 971 40	2 971 40
Total revenues	<u>65 050 00</u>	<u>65 050 00</u>	<u>75 090 38</u>	<u>10 040 38</u>
Expenditures:				
Public safety:				
Fire	54 400 00	56 500 00	51 211 31	(5 288 69)
Capital outlay	<u>20 000 00</u>	<u>17 900 00</u>	<u>4 710 00</u>	<u>(13 190 00)</u>
Total expenditures	<u>74 400 00</u>	<u>74 400 00</u>	<u>55 921 31</u>	<u>(18 478 69)</u>
Excess (deficiency) of revenues over expenditures	(9 350 00)	(9 350 00)	19 169 07	28 519 07
Fund balance, July 1	<u>216 318 00</u>	<u>216 318 00</u>	<u>217 012 86</u>	<u>694 86</u>
Fund Balance, June 30	<u>206 968 00</u>	<u>206 968 00</u>	<u>236 181 93</u>	<u>29 213 93</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2006

Township Board:	
Salaries	
Supplies	9 860 00
Professional services	6 405 64
Audit	815 00
Legal	2 600 00
Transportation	17 645 38
Printing and publishing	134 93
Miscellaneous	3 143 70
	<u>2 541 02</u>
	<u>43 145 67</u>
Supervisor:	
Salary	
Supplies	14 500 00
Communication	220 32
Transportation	63 87
Rent	223 01
	<u>2 700 00</u>
	<u>17 707 20</u>
Elections:	
Salaries	
Professional services	718 50
Travel	51 00
Supplies	61 56
Miscellaneous	686 65
	<u>90 78</u>
	<u>1 608 49</u>
Assessor:	
Contracted services	
	<u>24 350 00</u>
Clerk:	
Salary	
Deputy	20 500 00
Supplies	400 00
Communication	412 53
Transportation	25 57
Rent	396 11
	<u>2 700 00</u>
	<u>24 434 21</u>
Board of Review:	
Salaries	
Miscellaneous	1 500 00
	<u>492 24</u>
	<u>1 992 24</u>
Treasurer:	
Salary	
Deputy	17 000 00
Supplies	1 000 00
Transportation	2 133 77
Rent	656 95
Miscellaneous	1 800 00
	<u>73 08</u>
	<u>22 663 80</u>
Building and grounds:	
Supplies	
Contracted services	924 47
Utilities	849 00
Miscellaneous	2 228 94
	<u>470 00</u>
	<u>4 472 41</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2006

Cemetery:	
Salary	3 487 50
Supplies	122 76
Grave openings	1 817 50
Professional services	6 070 91
Repairs and maintenance	427 47
	<u>11 926 14</u>
Planning and zoning:	
Planning Commission:	
Salaries	26 917 50
Supplies	708 99
Contracted services	12 065 00
Printing and publishing	2 190 30
Education	1 515 00
	<u>43 396 79</u>
Highways and streets	<u>308 95</u>
Drains at large	<u>1 167 38</u>
Sanitation	<u>2 410 60</u>
Parks:	
Miscellaneous	<u>177 58</u>
Insurance	<u>22 881 00</u>
Payroll taxes	<u>6 434 55</u>
Capital outlay	<u>62 967 44</u>
Total Expenditures	<u>292 044 45</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
June 30, 2006

	<u>Roads</u>	<u>Ambulance</u>	<u>Fire</u>	<u>First Responder</u>
<u>Assets</u>				
Cash in bank	<u>541 157 24</u>	<u>83 305 21</u>	<u>236 181 93</u>	<u>25 430 01</u>
Total Assets	<u>541 157 24</u>	<u>83 305 21</u>	<u>236 181 93</u>	<u>25 430 01</u>
<u>Liabilities and Fund Balances</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Undesignated	<u>541 157 24</u>	<u>83 305 21</u>	<u>236 181 93</u>	<u>25 430 01</u>
Total Liabilities and Fund Balances	<u>541 157 24</u>	<u>83 305 21</u>	<u>236 181 93</u>	<u>25 430 01</u>

<u>Building</u>	<u>Total</u>
<u>55 611 65</u>	<u>941 686 04</u>
<u>55 611 65</u>	<u>941 686 04</u>
<u>-</u>	<u>-</u>
<u>55 611 65</u>	<u>941 686 04</u>
<u>55 611 65</u>	<u>941 686 04</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	<u>Roads</u>	<u>Ambulance</u>	<u>Fire</u>	<u>First Responder</u>
Revenues:				
Property taxes	245 473 64	38 457 54	64 125 22	-
Licenses and permits	-	-	-	-
Federal grant	-	-	-	-
Interest	16 008 96	2 453 17	7 993 76	1 332 75
Miscellaneous	-	-	2 971 40	768 06
Total revenues	<u>261 482 60</u>	<u>40 910 71</u>	<u>75 090 38</u>	<u>2 100 81</u>
Expenditures:				
Public safety:				
Ambulance:				
Contracted services	-	9 784 80	-	-
First Responder:				
Wages	-	-	-	18 994 00
Payroll taxes	-	-	-	1 453 03
Supplies	-	-	-	5 981 86
Utilities	-	-	-	1 114 22
Miscellaneous	-	-	-	487 76
Education	-	-	-	405 00
Fire:				
Wages	-	-	25 027 20	-
Payroll taxes	-	-	1 914 61	-
Supplies	-	-	5 360 25	-
Contracted services	-	-	4 847 99	-
Education	-	-	897 95	-
Utilities	-	-	6 347 78	-
Repairs and maintenance	-	-	5 980 13	-
Miscellaneous	-	-	835 40	-
Protective inspection:				
Wages	-	-	-	-
Payroll taxes	-	-	-	-
Contracted services	-	-	-	-
Supplies	-	-	-	-
Telephone	-	-	-	-
Rent	-	-	-	-
Miscellaneous	-	-	-	-
Public works:				
Roads:				
Contracted services	142 421 73	-	-	-
Capital outlay	-	-	4 710 00	-
Total expenditures	<u>142 421 43</u>	<u>9 784 80</u>	<u>55 921 31</u>	<u>28 435 87</u>
Excess (deficiency) of revenues over expenditures	<u>119 061 17</u>	<u>31 125 91</u>	<u>19 169 07</u>	<u>(26 335 06)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	45 000 00
Operating transfers out	-	(45 000 00)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(45 000 00)</u>	<u>-</u>	<u>45 000 00</u>

<u>Building</u>	<u>Total</u>
-	348 056 40
40 430 50	40 430 50
-	-
1 800 85	29 589 49
-	<u>3 739 46</u>
<u>42 231 35</u>	<u>421 815 85</u>

-	9 784 80
-	18 994 00
-	1 453 03
-	5 981 86
-	1 114 22
-	487 76
-	405 00
-	25 027 20
-	1 914 61
-	5 360 25
-	4 847 99
-	897 95
-	6 347 78
-	5 980 13
-	835 40
16 641 00	16 641 00
942 86	942 86
12 325 00	12 325 00
524 15	524 15
205 23	205 23
2 700 00	2 700 00
602 45	602 45
-	142 421 43
-	<u>4 710 00</u>
<u>33 940 69</u>	<u>270 504 10</u>
<u>8 290 66</u>	<u>151 311 75</u>
-	45 000 00
-	<u>(45 000 00)</u>
-	<u>-</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	<u>Roads</u>	<u>Ambulance</u>	<u>Fire</u>	<u>First Responder</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	119 061 17	(13 874 09)	19 169 07	18 664 94
Fund balances, July 1	<u>422 096 07</u>	<u>97 179 30</u>	<u>217 012 86</u>	<u>6 765 07</u>
Fund Balances, June 30	<u><u>541 157 24</u></u>	<u><u>83 305 21</u></u>	<u><u>236 181 93</u></u>	<u><u>25 430 01</u></u>

<u>Building</u>	<u>Total</u>
8 290 66	151 311 75
<u>47 320 99</u>	<u>790 374 29</u>
<u>55 611 65</u>	<u>941 686 04</u>

TOWNSHIP OF GANGES
Allegan County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2006

	Balance 7/1/05	Additions	Deductions	Balance 6/30/06
<u>Assets</u>				
Cash in Bank	<u>824 70</u>	<u>3 935 063 66</u>	<u>3 933 936 89</u>	<u>1 951 47</u>
<u>Liabilities</u>				
Due to other funds	824 70	442 893 12	441 766 35	1 951 47
Due to others	<u>-</u>	<u>3 492 170 54</u>	<u>3 492 170 54</u>	<u>-</u>
Total Liabilities	<u>824 70</u>	<u>3 935 063 66</u>	<u>3 933 936 89</u>	<u>1 951 47</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BAY CITY, MICHIGAN 48707

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FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

October 11, 2006

To the Township Board
Township of Ganges
Allegan County, Michigan

We have audited the financial statements of the Township of Ganges for the year ended June 30, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Ganges in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Ganges
Allegan County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2006.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,



CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants